



TREASURY DEPARTMENT  
BUREAU OF CUSTOMS  
INVESTIGATIVE UNIT  
TREASURY ATTACHÉ  
CARE OF AMERICAN CONSUL

DEPARTMENT  
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SHANGHAI, CHINA

May 9th, 1936.

Commissioner of Customs,  
Division of Customs Agents,  
Washington, D. C.

Sir:

There are enclosed herewith for the information of the Bureau and other interested Departments copies of a report on heroin manufacture in Chahar and Jehol.

Respectfully,

A handwritten signature in cursive script, likely of the Treasury Attaché.

For the Treasury Attaché

May 4, 1936.

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HEROIN MANUFACTURE IN CHILIN AND TIENTSIN.

General Tung Yu-lin (楊玉麟), chairman of the Jehol Provincial Government before the Manchurian Incident in 1931, was the first to open a heroin manufactory in Changchun (長春) with his own capital. He ordered all the opium produced in Jehol to be sold only to the manufactory at a fixed price of two dollars per tael in Jehol provincial notes or at \$1.10 in coins. The opium of neighboring provinces was also purchased since Jehol could only produce about 5,000,000 taels a year of which over 300,000 taels had to be used each month in the factory. Forty packages of heroin were produced every day at a value of \$700 each. It was due to this enterprise that Tung became a millionaire after a few years.

Following the Manchurian Incident, the Four Eastern Provinces were lost in succession and finally Tung was forced to quit his post. Consequently, the heroin factory was taken over by a Japanese merchant, Sakata Kuni (坂田國一). At the same time the Tientsin Trust Company (大連信託) was organized for buying opium. Not only the opium of Jehol was bought in great amounts but large quantities of opium from Japan, Szechuan, Chihai and Shensi were also purchased. Poppy seeds were distributed among the peasants who were forced to grow them. The amount of opium and heroin production in Jehol has now increased three to four times as compared with figures of years past. The heroin made in Jehol is exported for sale in Japan, Tientsin and Shanghai.

Since the invasion of the six haies of North Chahar by Japanese troops, Sakata Rumi has set up a branch of his company at Kaigun. The new branch has 170 workers and can produce eighty packages of heroin daily, each package having a net weight of eighteen taels and a value of 600 dollars. The capital of the Kaigun Branch is placed at \$100,000 with ten shares of \$10,000 each. An extra share has been presented to the Japanese Consulate. ~~It is said that the Chahar Provincial Government has also participated in the business, but the statement is not verified.~~

An analysis of opium from Shensi, Kansu, Suiyuan, Jehol and Chahar has shown that of Kansu to be the most suitable for making heroin because of its good flavor, cheap price and capacity to yield a greater amount of heroin. The opium of Shensi and Suiyuan are also of good flavor, but it contains less heroin constituency than Kansu opium. The price of Chahar and Jehol opium prevents any wide use of it for manufacturing heroin. Opium of the other three provinces is so often mixed with other elements that the manufacturer must examine it before purchase is made.

In the Kaigun branch of Sakata Rumi, there are over forty large water-jars, well and pump, twelve wooden compressors, eighty stirring sticks, fifty filters, forty large wooden buckets, sixty wooden ladles, several hundred cloth bags and large quantities of lime, "industrial paper", and other things necessary for the purpose.

~~The process of making opium into heroin is as follows:  
Place opium in jar of water for a week and let it dissolve. Add lime~~

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*This would be made  
of - not heroin.*

(nine parts of opium with one part of lime) into jar and stir with stick for forty minutes until lime and opium become thoroughly mixed. Use ladle to put mixture into cloth bag which is placed under the compression and then press the latter to force the juice out of the bag. Then pour the dregs of the bag into the jar and again stir it with stick. The mixture is once more placed in bag and pressed again. Repeat this process several times until no opium element is left in the dregs. Then put "industrial paper" on the filter and pour juice on the paper to let it filtrate. When the juice all flows out, the gray matter found coagulated on the paper is heroin. By permitting this to dry, the process is complete.